

Using Alternative Dispute Resolution to Resolve Patent Litigation: A Survey of Patent Litigators

Eugene R. Quinn, Jr.

UCO & Associates; Franklin Pierce Law Center

Follow this and additional works at: <http://scholarship.law.marquette.edu/iplr>



Part of the [Intellectual Property Commons](#)

Repository Citation

Eugene R. Quinn, Jr., *Using Alternative Dispute Resolution to Resolve Patent Litigation: A Survey of Patent Litigators*, 3 Intellectual Property L. Rev. 77 (1999).

Available at: <http://scholarship.law.marquette.edu/iplr/vol3/iss1/3>

This Article is brought to you for free and open access by the Journals at Marquette Law Scholarly Commons. It has been accepted for inclusion in Marquette Intellectual Property Law Review by an authorized administrator of Marquette Law Scholarly Commons. For more information, please contact megan.obrien@marquette.edu.

USING ALTERNATIVE DISPUTE RESOLUTION TO RESOLVE PATENT LITIGATION: A SURVEY OF PATENT LITIGATORS

EUGENE R. QUINN, JR.*

I. INTRODUCTION

In the practice of law, success is largely related to the ability to predict the future. As attorneys, we must constantly draw on our own experiences, as well as the experiences of our colleagues. In drawing on the past, a great deal of empirical and anecdotal data must be synthesized. In wading through this data, patterns are identified and generalizations are made, all in an attempt to predict the future.¹

In large part, lawyers are paid for the ability to advise clients on the risks they run and the likely rewards they will receive.² In order to give such advice, lawyers necessarily require a large pool of data. This data can take all

* Mr. Quinn is a partner at UCO & Associates, an intellectual property law firm specializing in litigation management, and an Adjunct Professor of Law at Franklin Pierce Law Center. Mr. Quinn received a LL.M. in Intellectual Property from Franklin Pierce in 1998, a J.D. from Franklin Pierce in 1995, and a B.S. in Electrical Engineering from Rutgers University in 1992. Mr. Quinn would like to thank his mentor, Christopher Blank, his referees, William Murphy and Norman Balmer, the Director of the LL.M. program, Thomas Field, the Honorable Mary Patricia Trostle, the Honorable Murray M. Schwartz, Bill Hennessey, Karl Jorda, Susan Richey, Llew Gibbons, John Kheit, Lars Smith, David Morfesi, and the 132 patent litigators who took the time to answer the survey.

1. See Oliver Wendell Holmes, Jr., *The Path of Law*, 10 HARV. L. REV. 457, 457-458 (1897). Holmes further states that

[t]he object of [the] study [of law] . . . is prediction, the prediction of the incidence of the public force through the instrumentality of the courts. . . . Far the most important and pretty nearly the whole meaning of every new effort of legal thought is to make these prophecies more precise, and to generalize them into a thoroughly connected system.

Id.

2. See *id.* at 457. In explaining the legal profession, Holmes states that [t]he reason why [law] is a profession, why people will pay lawyers to argue for them or to advise them, is that in societies like ours the command of the public force is intrusted to the judges in certain cases, and the whole power of the state will be put forth, if necessary, to carry out their judgments and decrees. People want to know under what circumstances and how far they will run the risk of coming against what is so much stronger than themselves, and hence it becomes a business to find out when this danger is to be feared.

Id.

shapes and forms, but the more plentiful the data the more accurate the prophecies.

Based on the belief that the only way to effectively advise clients is both to study and learn from the past, I conducted a survey of over one-hundred patent litigators. This article reports the results of the survey, which was conducted from November of 1997 through March of 1998. The primary focus of the survey was to determine the attitude of patent litigators towards mediation and arbitration.³ The survey also attempted to determine, albeit in a very general way, how patent litigators approach the preparation of the damages component of a case.

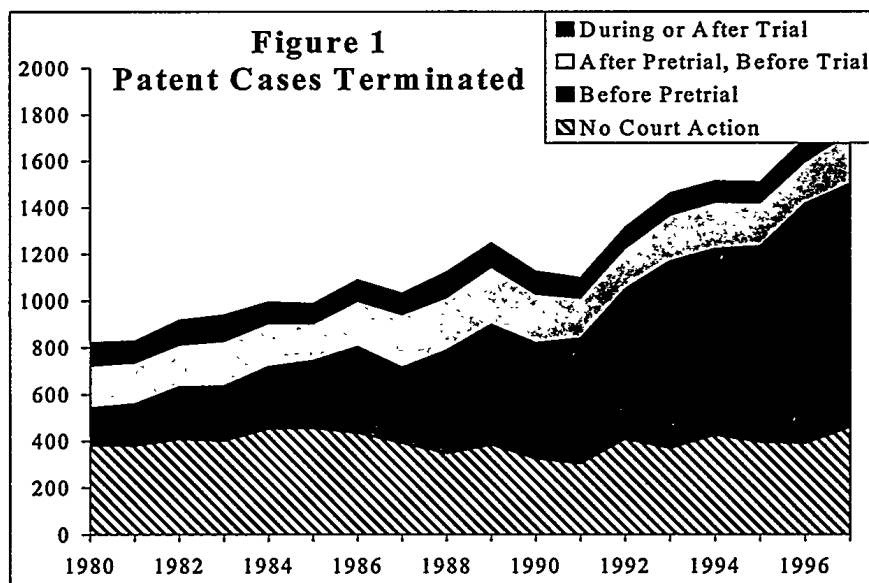
Part II of this article briefly reports and discusses an empirical overview of patent litigation. Part III reports the results of this 1998 survey. Specifically, Section III.A reports the results with respect to Alternative Dispute Resolution (ADR), Section III.B reports the survey results with respect to valuation, and Section III.C discusses the approach to patent mediation used by the United States District Court for the District of Delaware. Part IV contains a brief conclusion, and, finally, the mechanics of the survey are in Appendix A.

II. AN EMPIRICAL OVERVIEW OF PATENT LITIGATION

The number of patent cases going to trial has remained largely constant for the last two decades. Similarly, the number of cases that are resolved after the final pre-trial conference but before trial has also remained constant. The number of cases that are resolved without any judicial involvement has also remained constant. Nevertheless, the number of cases coming to resolution at the district court level has risen in an almost linear fashion since 1980.⁴ Figure 1, which depicts the number of patent cases terminated at the district court level from 1980 to 1997, clearly demonstrates that cases resolved after the court becomes involved but prior to the final pre-trial conference account for the increase in the number of cases resolved by district courts.

3. While there are a number of different types of ADR, this article and the 1998 survey focus solely on mediation and arbitration. For a helpful discussion of other forms of Alternative Dispute Resolution (ADR), see Miriam R. Arfin, *The Benefits of Alternative Dispute Resolution in Intellectual Property Disputes*, 17 HASTINGS COMM. & ENT. L.J. 893 (1995).

4. The information for Figures 1, 2.1, 2.2, and 3-11 was gathered from the Annual Reports of the Director of the Administrative Office of the United States Courts, 1980-1997. Due to minor inconsistencies between reports, the data for each year was taken from that year's report, i.e., 1994 data was taken from the 1994 report, regardless of whether the numbers differed in subsequent reports.



The true growth in patent litigation is not in the actual courtroom litigation of disputes, but rather this so-called “patent litigation explosion” is found only in the pre-trial process. Increasing reliance on various forms of ADR is responsible for both the dramatic increase in number of cases terminating during the pre-trial process and the constant number of patent trials. This conclusion is borne out by empirical data⁵ and anecdotal evidence from of a 1998 survey of patent litigators,⁶ a 1991 survey⁷ of in-house corporate patent attorneys conducted by Professor Thomas G. Field,⁸ and a 1981 survey⁹ of in-house corporate patent attorneys conducted by Arnito Muskat. In reporting the findings of the 1991 survey, Professor Field concluded: “Between 1981 and 1991, patent attorneys at large corporations have shown increased willingness to consider ADR. While we have no evidence that this willingness has resulted in increased use of arbitration, we have found an increase in [the] use of mediation.”¹⁰

While the 1998 survey population was solely comprised of patent litigators¹¹ and the 1991 and 1981 surveys were answered by in-house corporate patent

5. See Figures 1, 2.1, 2.2, 3-11 and accompanying text.

6. The results of the 1998 survey are reported *infra* Part III.

7. See generally Thomas G. Field, Jr. & Michael Rose, *Prospects for ADR in Patent Disputes: An Empirical Assessment of Attorneys' Attitudes*, 32 IDEA 309 (1991-92).

8. Professor Field is a Professor of Law and Director of the LL.M. program at Franklin Pierce Law Center. I would like to thank him for all his assistance.

9. See Arnito S. Muskat, *PTC Research Report: Alternatives to Court Litigation in Intellectual Property Disputes*, 22 IDEA 271 (1982).

10. See Field, *supra* note 8, at 321.

11. See Mechanics of the Survey *infra* Appendix A.

attorneys, the anecdotal trends and empirical evidence are clear; patent attorneys are increasingly interested in, and are turning to, alternative dispute resolution mechanisms, particularly mediation, to resolve patent disputes.

The fact that patent attorneys are increasingly relying upon various forms of ADR should come as no surprise. In all areas of law ADR has been winning converts for over two decades. As Judge Harry T. Edwards¹² stated in 1986:

The [ADR] movement has seen an extraordinary transformation in the last ten years. Little more than a decade ago, only a handful of scholars and attorneys perceived the need for alternatives to litigation. The ADR idea was seen as nothing more than a hobbyhorse for a few offbeat scholars. Today, . . . the ADR movement has attracted a bandwagon following of adherents. ADR is no longer shackled with the reputation of a cult movement.¹³

Today, ADR continues to gain even wider acceptance.¹⁴

Turning our focus to the 1990s, the number of patent cases that have been commenced in United States federal district courts has consistently increased.¹⁵ Likewise, the number of terminations has also increased.¹⁶ What is somewhat alarming, however, is the trend represented in Figure 2.2, which shows that terminations are not keeping pace with the number of filings.¹⁷ This trend suggests that there will be an increase in: (1) the number of patent jury trials; (2) the number of patent cases pending for extended periods of time; and/or (3) the importance of and a greater reliance on various forms of ADR.

12. Circuit Judge, United States Court of Appeals for the District of Columbia.

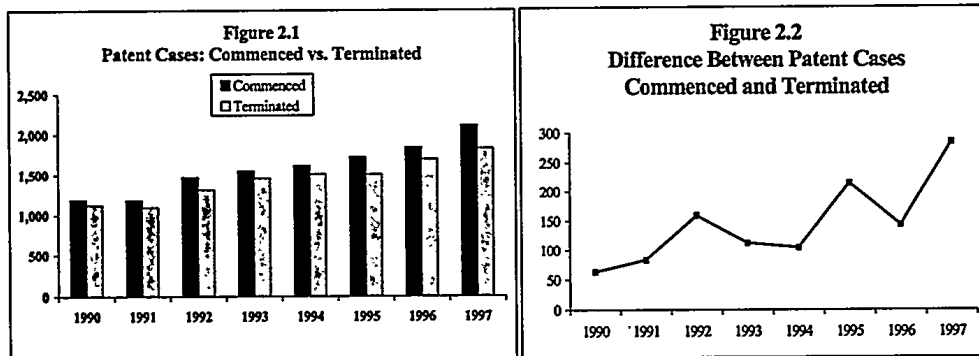
13. Harry T. Edwards, *Alternative Dispute Resolution: Panacea or Anathema?*, 99 HARV. L. REV. 668, 668 (1986).

14. By 1995, thirty-three states passed legislation mandating alternative dispute resolution for certain disputes. See Matthew A. Tenerowicz, "Case Dismissed"—or is it? *Sanctions For Failure to Participate in Court-Mandated ADR*, 13 OHIO ST. J. ON DISP. RESOL. 975, 982 n.34 (1998) (citing Conflict Resolution Institute for Court, National Institute for Dispute Resolution Matrix #1 (1995) (on file with author)).

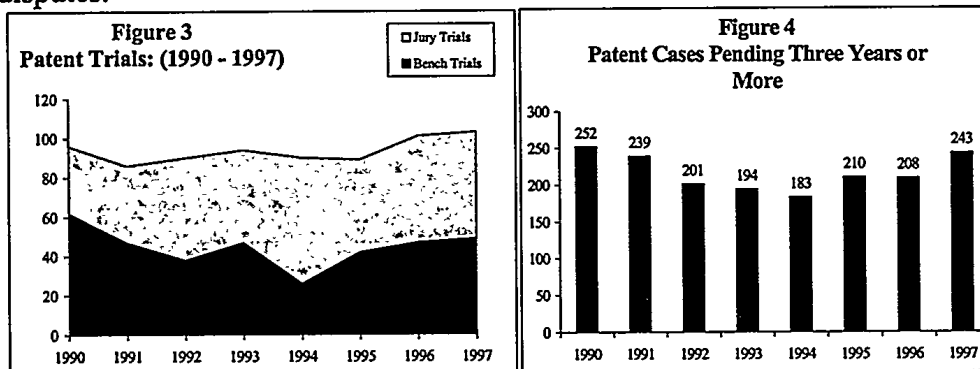
15. See Figure 2.1. It should be noted that data for 1992 in Figures 2.1, 2.2, and 3-11 represent a fifteen-month fiscal year, due to the change in 1992 of the end of the fiscal year from June 30 to September 30.

16. See Figure 2.1.

17. See Figure 2.2.



As yet, despite the fact that ever increasing numbers of patent cases are filed each year, there has been no substantial increase in the number of patent cases actually reaching trial,¹⁸ nor has there been an appreciable increase in the number of patent cases pending for three years or more.¹⁹ The most logical conclusion is that various forms of ADR are increasingly playing a significant role in resolving the continuously increasing number of patent disputes.



One may be tempted to conclude that the importance of ADR to patent cases is no greater than the importance of ADR to civil cases in general. This, however, is simply not true. As Figure 2.1 shows, terminations of patent cases are increasingly lagging behind the filings in patent cases. As yet there has been no appreciable increase in the number of patent cases pending for extended periods of time, nor has there been a substantial increase in the number of trials. If the number of patent trials and the number of patent cases pending for extended periods of time are to remain constant, ADR must continually play a larger role in patent litigation. To be sure, ADR is already playing a large role in patent litigation. Nevertheless, with the increases in

18. See Figure 3.

19. See Figure 4.

patent case filings now facing the district courts, the use of various forms of ADR must continue to grow.

To comprehend the magnitude of importance ADR must play in patent litigation it is crucial to examine how patent cases compare with civil cases in general. Figure 5 depicts civil cases commenced versus civil cases terminated, and Figure 6 depicts patent cases commenced versus patent cases terminated.

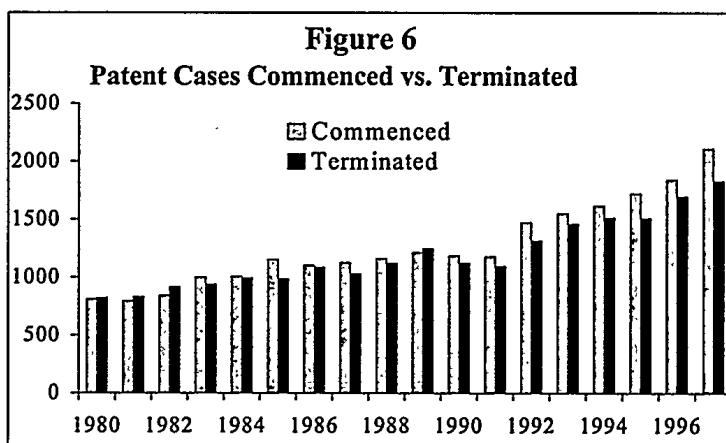
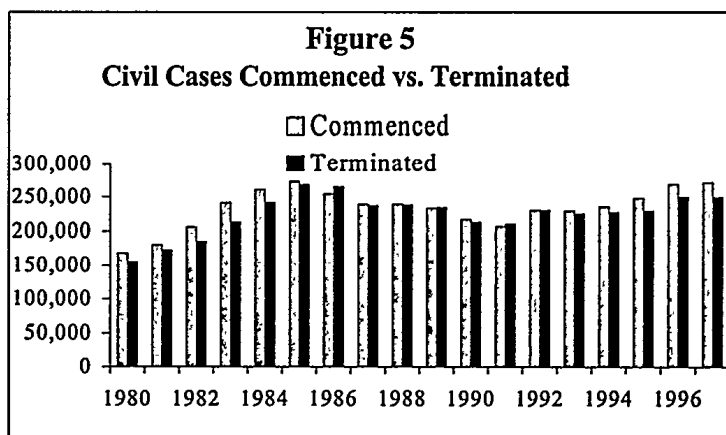
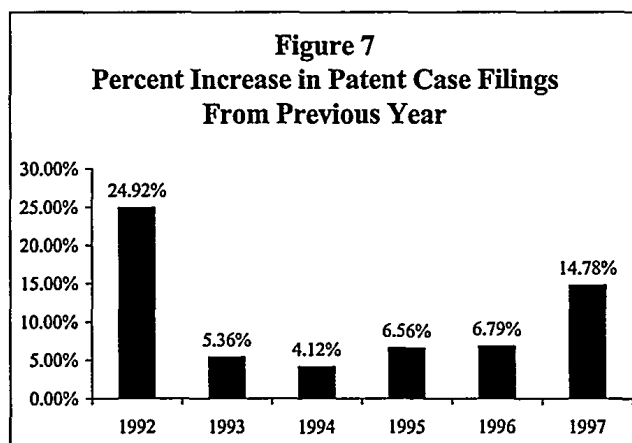


Figure 5 shows that from 1980 to 1985 the total number of civil cases commenced grew in linear fashion. Figure 5 also demonstrates that from 1986 to 1991 the total number of civil cases commenced decreased. Finally, Figure 5 illustrates that since 1991 the total number of civil cases commenced has grown each year. Nevertheless, in its entirety, Figure 5 reveals that from the time period of 1983 to 1997 the total number of civil cases commenced has largely remained constant, fluctuating between approximately 240,000 and 270,000 filings.

Turning to Figure 6, three distinct patterns emerge for the number of patent cases commenced. From 1980 to 1984, there was a modest rise in the

number of patent cases commenced. From 1985 to 1991, the number of patent cases commenced remained largely constant, fluctuating between approximately 1000 and 1250 filings. Since 1992, however, the number of patent case filings has grown each year. As Figure 7 demonstrates, the largest jump occurred in 1992, with almost a 25% increase in the number of filings.²⁰ The overall trend is clear: patent case filings in the 1990s are growing at an alarming rate.²¹



The key to understanding the difference between the growth in patent cases and civil cases is the percent increase in filings for each. In order to make such a comparison, a base year must be chosen. By arbitrarily selecting 1980 as a base year for the number of cases commenced and terminated, it is

20. Once again, the reader is cautioned to keep in mind that data from 1992 represents a fifteen month fiscal year, due to a change in 1992 of the end of the fiscal year from June 30 to September 30.

21. See Figure 7. The following table lists the number of patent cases filed in the United States district courts between 1990 and 1997.

Fiscal Year	Patent Cases Commenced
1990	1187
1991	1180
1992	1474
1993	1553
1994	1617
1995	1723
1996	1840
1997	2112
Total	12,686

See Annual Reports of the Director of the Administrative Office of the United States Courts, 1990-1997.

clear that in the 1990s patent case filings and terminations are increasing at a much greater rate than are all civil case filings and terminations.²²

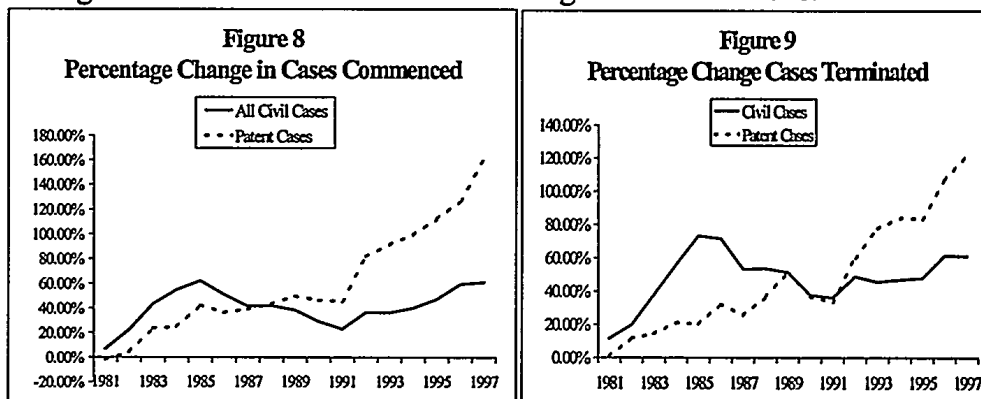
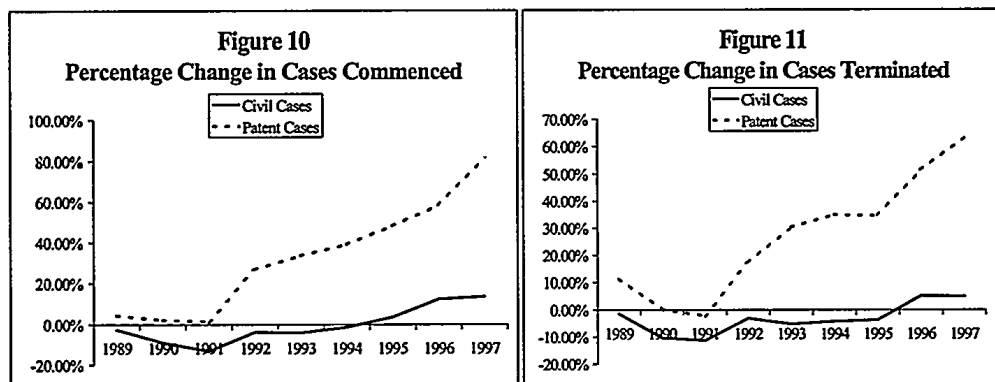


Figure 8 demonstrates that the percentage change in patent cases and civil cases was roughly equal in 1988, at least in terms of 1980 totals. Using the number of cases commenced and terminated in 1988 as our new base, it becomes even more clear that the increase in patent cases being commenced and terminated is much greater than the rate of increase in civil cases in general.²³ Moreover, both Figures 10 and 11 demonstrate that the increase in all civil cases in general, at least in terms of 1988 totals, is flat. If past totals are at all indicative of future behavior, Figures 10 and 11 give every reason to believe, at least for the foreseeable future, that increased numbers of patent cases will be both filed and terminated. Because terminations are falling behind filings,²⁴ in order to keep pace with the number of filings, reliance upon ADR must increase. If the use of ADR does not increase, the court system will suffer from an increase in the number of patent trials, and clients will suffer as more cases remain on court dockets for longer periods of time.

22. See Figures 8 and 9.

23. See Figures 10 and 11. The author is mindful of the fact that the exact appearance of Figures 10 and 11 will change depending upon which year is used as a base year. The author is also well aware of the saying "figures lie and liars figure." Nevertheless, regardless of the base year chosen, it is clear that patent case filings and terminations are increasing at a rate much faster than all civil cases in general. The answer to the question of just how much faster are patent filings increasing is beyond the scope of this article, and is not necessary to illustrate that ADR is now playing and must continue to play a significant role in patent litigation.

24. See Figure 3.



III. THE SURVEY

The 1998 survey was separated into three sections. Section 1 elicited background information, which can be found in Appendix A of this article. Section 2 of the survey dealt with attitudes toward ADR, and Section 3 dealt with valuation of damages.

A. ADR Questions

1. Settlement

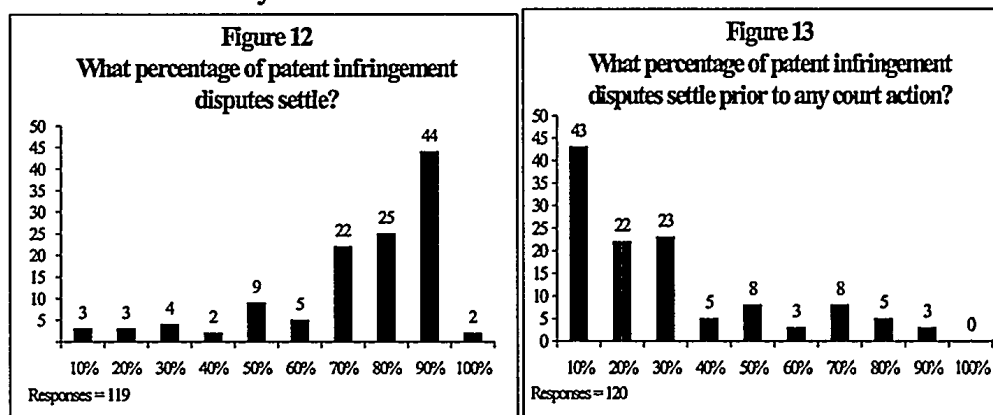
Questions 5 through 9 of the survey were all prefaced with “[b]ased on your experience . . .” Admittedly, the answers to these questions do not represent statistically objective data. These answers do, however, provide meaningful insight into the experiences and attitudes of the respondents, which when cross-checked with the empirical findings reported above, indicate that ADR is already playing a significant role in resolving patent disputes.

Question 5 asked what percentage of patent infringement disputes settle. Perhaps most notably, two respondents said that 100% of their cases have settled. At the other end of the spectrum, three respondents said that only 10% of their cases settle. The overwhelming majority of respondents, ninety-one (or 76.5%) responded that between 70% and 90% of their patent cases settle. Of these respondents, forty-six (or 38.7%) stated that 90% or more of their patent cases settle.²⁵ Cross-checking the results of Question 5 with Figure 1 shows that the overall experience of the respondents seems to closely resemble the reality that few patent cases actually reach trial.

Question 6 asked what percentage of patent infringement disputes settle prior to court action. Not surprisingly, forty-three respondents (or 35.8%)

25. See Figure 12.

stated that only 10% of infringement cases settle prior to any court action. Another forty-five respondents (or 37.5%) stated that only 20% or 30% settle prior to court involvement. All totaled, some eighty-eight respondents (or 73.3%) agreed that 30% or fewer patent infringement cases settle prior to court involvement.²⁶ Cross-checking these results of Question 6 with the data represented in Figure 1 demonstrates that the experiences of those surveyed do reflect the overall, objective reality that a small but meaningful percentage of cases do resolve prior to court action. For example, during fiscal years 1990 through 1997, 3073 cases were resolved prior to court action, which means that 25.1% of patent cases terminated during that time period were resolved without any court involvement.²⁷



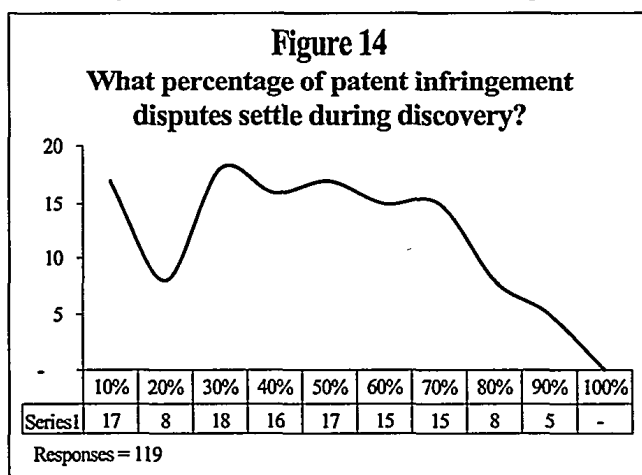
26. See Figure 13.

27. The following table compares the number of patent cases terminated without court action with the number of total patent cases terminated for fiscal years 1990 through 1997.

Fiscal Year	Terminated Without Court Action	Total Terminated
1990	324	1124
1991	303	1097
1992	408	1315
1993	369	1461
1994	425	1513
1995	395	1509
1996	390	1697
1997	459	1828
Total	3073	11,544

See Annual Reports of the Director of the Administrative Office of the United States Courts, 1990-1997.

Question 7 asked what percentage of patent infringement disputes settle during discovery. Figure 14 reveals that there was no real consensus with respect to this question. Almost equal numbers of respondents chose 30%, 40%, 50%, 60% and 70%. The only generalization that can come from these responses is that somewhere between 30% and 70% of patent infringement cases will settle during discovery. Searching for other generalizations given the data from this survey is largely non-productive. For example, sixty respondents (or 50.4%) stated that 50% or more of their patent cases settle during discovery. Conversely, fifty-nine respondents (or 49.6%) stated that less than 50% of their cases settle during discovery. Nevertheless, it does seem noteworthy that a significant number of respondents, seventeen (or 14.3%), stated that only 10% of their cases settle during discovery.



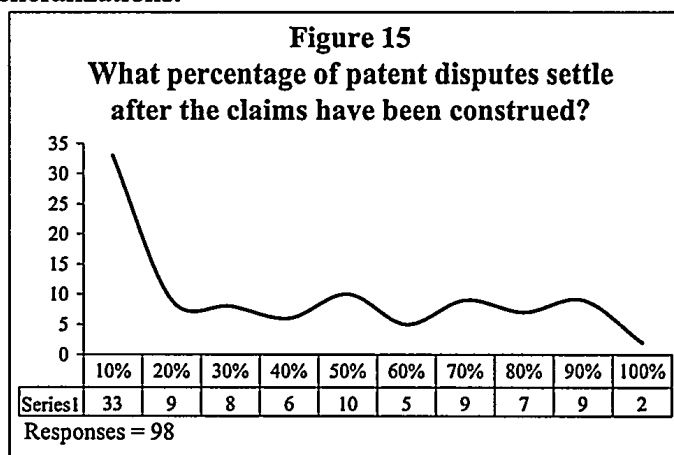
The lack of a clear trend in the responses to Question 7 may be explained by several phenomena. First, concern over discovery²⁸ abuses in patent cases may be causing some attorneys to forego settlement possibilities until the close of discovery, thereby eliminating the fear that relevant information has been intentionally withheld in an attempt to gain an advantage. Second, in any litigation the “client factor” can never be discounted. In some cases the stakes are simply so high that no early settlement is possible. Some of these cases may eventually settle, but settlement at an early stage, prior to full disclosure, can be difficult if not impossible.²⁸

Question 8 was designed to measure the effect, if any, *Markman v. Westview Instruments, Inc.*²⁹ has had on the settlement process. Just over one-

28. Cf. Norman L. Balmer, *Alternative Dispute Resolution in Patent Controversies*, 6 RISK: HEALTH, SAFETY & ENV'T 145, 146 (1995) (“Discovery converts suspicions into knowledge, and emotions have time to wane during the long and tedious litigation process. Litigation can thus be a useful, but expensive, tool to achieve settlement . . .”).

29. 517 U.S. 370, 38 U.S.P.Q.2d (BNA) 1461 (1996).

third of those responding to this question said that only 10% of cases settle after a *Markman* hearing.³⁰ It is difficult to decipher the exact meaning of the data received from this question. Many of those answering this question obviously answered the question as if the question had read: "Of the cases reaching a *Markman* hearing, what percent settle as a result of the court's order?"³¹ The question was not intended to be read in such a manner. The majority (I believe) of respondents read this question to mean: "Of all patent cases, what percent settle after the claims have been construed?" The latter reading was the intended reading. Notwithstanding, many respondents stated that they simply do not have enough experience with *Markman* hearings to offer such generalizations.



The question of whether *Markman* has facilitated settlement is still open for debate. The current, predominant school of thought dictates that early *Markman* hearings will, in fact, lead to an increase in the number of settlements.³² An early resolution of claim construction disputes, in theory,

30. See Figure 15.

31. I am certain that many respondents did read Question 8 in this manner. One respondent even edited the question to read this way. Still other respondents answered that more cases settle after a *Markman* hearing than settle overall. For example, the following demonstrates a fairly typical misreading of Question 8: (1) Answer to Question 5: 70% of cases settle; (2) Answer to Question 8: 90% of cases settle after the claims have been construed.

32. See, e.g., Thomas L. Creel, *Proving Patent Infringement*, in PLI'S SECOND ANNUAL INSTITUTE FOR INTELLECTUAL PROPERTY LAW, at 311, 325-26 (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course Handbook Series No. 453, 1996); The Fourteenth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 170 F.R.D. 534, 590 (1996) (comments of Laurence H. Pretty); Steven D. Glazer & Steven J. Rizzi, *Markman: The Supreme Court Takes Aim at Patent Juries*, 8 J. PROPRIETARY RTS. 2, 4 (1996); Kevin R. Casey, *Means Plus Function Claims After Markman: Is Claim Construction Under 35 U.S.C. § 112, ¶ 6 a Question of Fact or an Issue of Law?*, 79 J. PAT. & TRADEMARK OFF. SOC'Y 841, 853 (1997); Frank M. Gasparo, *Markman v. Westview Instruments, Inc. and Its Procedural Shock Wave: The Markman Hearing*, 5 J.L. & POL'Y 723, 724 (1997).

will enable the parties to narrow discovery and focus their litigation strategy, thereby avoiding needless costs associated with pursuing meritless claims and defenses.³³ Furthermore, even when the court's order relative to claim interpretation is not dispositive as a matter of law, the remaining triable issues will be defined to the point where the parties will be in a better position to evaluate their chances of winning and whether, from a business perspective, it makes sense to continue the litigation.³⁴ Notwithstanding this conventional *Markman* wisdom, in reality, *Markman* has been largely ineffective with respect to enhancing settlement.³⁵

Judge Rader's dissent in *Cybor Corp. v. FAS Technologies, Inc.*,³⁶ also suggests that *Markman* has caused or will cause fewer patent cases to settle. In *Cybor*, the Federal Circuit, *en banc*, ruled, in no uncertain terms, that claim construction is a purely legal question, which is reviewed *de novo* on appeal, with no deference given to any district court findings of fact.³⁷ Judge Rader dissented from this part of the court's opinion. In dissenting, Judge Rader points out that from April 5, 1995, the date *Markman* was handed down, to November 24, 1997, 126 cases involving claim interpretation were appealed from the district courts and the Court of Federal Claims. Out of these 126 cases, 47 (or 37.3%) were reversed.³⁸ With respect to this reversal rate Judge Rader stated:

[T]he current *Markman I* regime means that the trial court's early claim interpretation provides no early certainty at all, but only opens the bidding. The meaning of a claim is not certain (and the parties are not prepared to settle) until nearly the last step in the process—decision by the Court of Appeals for the Federal Circuit. To get a certain claim interpretation, parties must go past the district court's *Markman I* proceeding, past the entirety of discovery, past the entire trial on the merits, past post trial motions, past briefing and argument to the Federal Circuit—indeed past every step in the entire course of federal litigation, except Supreme Court review. In implementation, a *de novo* review of claim interpretations has postponed the point of certainty to the end of the litigation process, at which point, of course, every outcome is certain anyway.

....

33. See Casey, *supra* note 32.

34. See Creel, *supra* note 32; see also Glazer & Rizzi, *supra* note 32.

35. Interview with the Honorable Mary Patricia Trostle, Magistrate for the United States District Court for the District of Delaware (Feb. 25, 1998).

36. 138 F.3d 1448, 1473, 46 U.S.P.Q.2d (BNA) 1169, 1189 (Fed. Cir. 1998).

37. See *id.* at 1456, 46 U.S.P.Q.2d (BNA) at 1174.

38. See *id.* at 1476 n.4, 46 U.S.P.Q.2d (BNA) at 1191 n.4 (Rader, J., dissenting).

Because patent trial practitioners understand the distinct prospect of overturning trial court results on appeal, the trial arena loses some of its luster as the center stage of the dispute resolution drama. Instead the trial court becomes a ticket to the real center stage, the Court of Appeals for the Federal Circuit. . . .

. . . .
... Inadvertently the reasoning in *Markman I* has postponed the point of certainty to the extreme end of the judicial process. This delay both disrupts the orderliness of trials and practitioners' hopes for more efficient and earlier claim constructions.³⁹

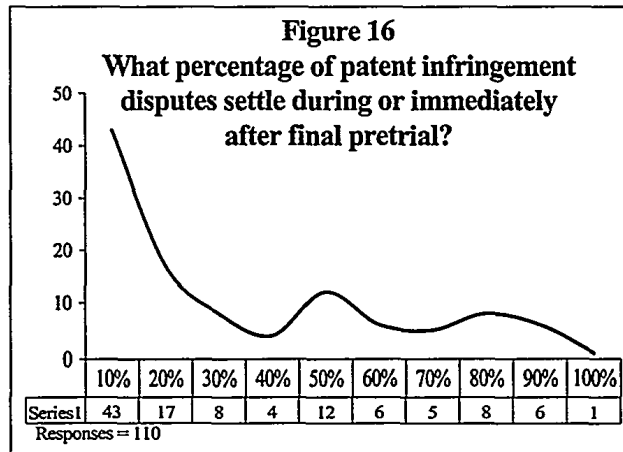
Given *Markman's* relative youth, the admittedly inartful wording of Question 8, and the difference between what theory dictates should occur and reality, this area seems ripe for further empirical research.

Question 9 asked what percentage of patent infringement disputes settle during or immediately after the final pre-trial conference. The term "immediately after final pre-trial" was defined as after the pre-trial but before the start of trial. Once again, some of the data represented in Figure 16 is skewed. To a certain extent, but not nearly as bad as with Question 8, some respondents read this question to mean: "Of the cases making it to the final pre-trial conference, how many settle immediately thereafter?" Most of the respondents (I believe) read this question as it was intended to be read, as meaning: "Of all patent cases, what percent settle immediately after the final pre-trial conference?"

Notwithstanding the problems associated with Question 9, the data from it, represented in Figure 16, is still very interesting. Of those responding to Question 9, forty-three (or 39.1%) responded that only 10% of patent cases settle after the pre-trial conference. Additionally, sixty-eight respondents (or 61.8%) stated that 30% or fewer of patent cases settle between the conclusion of the final pre-trial conference and the start of trial.⁴⁰

39. *Id.* at 1476-78, 46 U.S.P.Q.2d (BNA) at 1192-94.

40. See Figure 16.

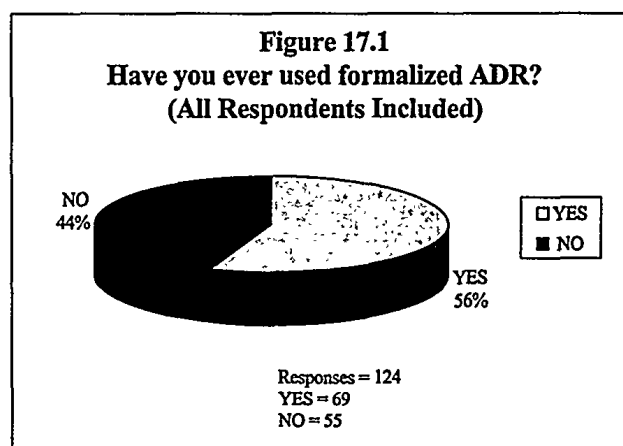


If the data represented in Figure 16 is at all reliable, it would seem that cases reaching the final pre-trial conference are almost destined to reach trial. This being the case, Judge Radar's cautionary words in his *Cybor* dissent seem to ring true. The research conducted thus far does not answer the question of why relatively few cases settle after the pre-trial conference. There are many possible reasons, one of which is that the claim construction of the trial court is routinely reversed on appeal. Again, this area seems ripe for further empirical research.

2. Formalized ADR

Questions 10 through 18 focused on both the respondents' experience with mediation and arbitration, as well as their future willingness to use both mediation and arbitration. Question 10 asked the respondents whether they had ever used formalized ADR. The overall number of responses to this question was 124, of which 69 (or 55.6%) stated that they had used formalized ADR.⁴¹

41. See Figure 17.1.



Notwithstanding Figure 17.1, those respondents who had more experience with patent infringement cases were more likely to have used formalized ADR. For example, of those respondents with ten years or less experience, only twenty-four (or 36.4%) used formalized ADR.⁴² On the other end of the spectrum, however, are those respondents having more than ten years of experience with patent litigation. Of those having more than ten years of experience the number that have used formalized ADR jumps to forty-three out of fifty-six (or 76.8%).⁴³ This disparity can probably be explained by the reality that those with more experience have simply had more opportunity to be exposed to either mediation or arbitration. Given the efforts of people like David Plant,⁴⁴ Tom Arnold,⁴⁵ and Norman Balmer⁴⁶ over the past ten or so

42. See Figure 17.2.

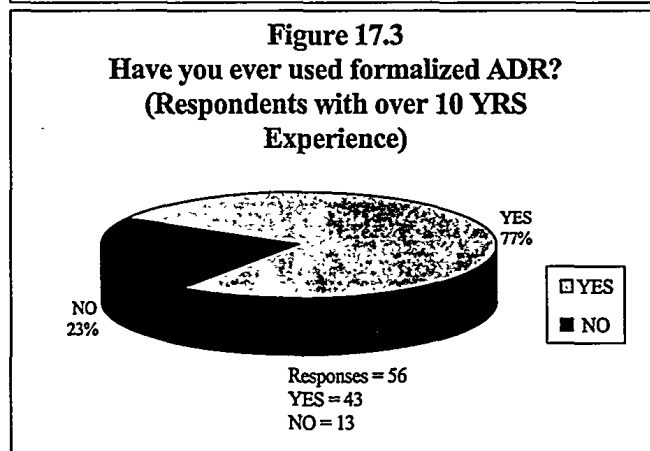
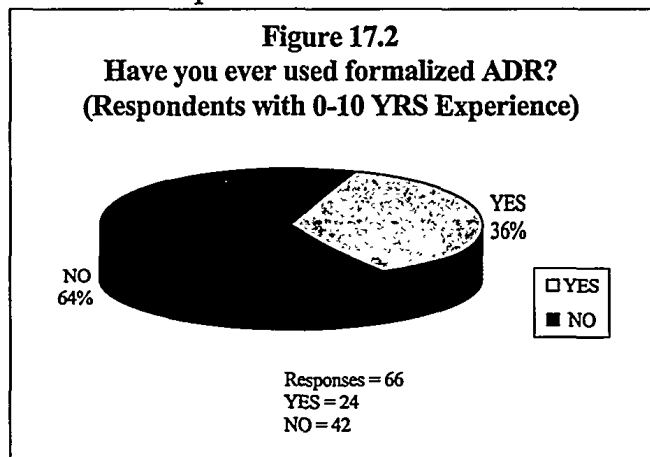
43. See Figure 17.3.

44. David Plant is a member of Fish & Neave, where he specializes in intellectual property law. Mr. Plant is an Adjunct Professor of Law at Franklin Pierce Law Center, where he teaches *Negotiation for Intellectual Property Business Matters*. Mr. Plant is also former Chair of the ADR Committee of the American Intellectual Property Law Association and is on the WIPO Panel of Neutrals. For other articles authored by Mr. Plant, see David W. Plant, *Intellectual Property: Arbitrating Disputes in the United States*, DISP. RESOL. J., July-Sep. 1995, at 9 (1995); and David W. Plant, *ADR in IP Disputes*, in INTELLECTUAL PROPERTY LAW INSTITUTE 1995, at 57 (PLI Pats., Copyrights, Trademarks, and Literary Prop. Course Handbook Series No. 416, 1995).

45. Tom Arnold is a founding partner of Arnold, White & Durkee, where he specializes in all areas of ADR. Mr. Arnold has authored or co-authored over 400 articles, books, and speeches on intellectual property, litigation, licensing, mediation and arbitration. For other works authored by Mr. Arnold, see Tom Arnold, *Patent Alternative Dispute Resolution Handbook* (1991); and Tom Arnold, *Why ADR*, in PATENT LITIGATION 1997, at 245 (PLI Pats., Copyrights, Trademarks, and Literary Prop. Course Handbook Series No. 493, 1997) [hereinafter *Why ADR*].

46. Norman Balmer is Chief Patent Counsel for Union Carbide Corporation. Mr. Balmer has participated as a panelist at a number of conferences focusing on alternatives to litigation, including one conference entitled *Which Scientist Do You Believe? Process Alternatives in Technological Controversies*, which was held at Franklin Pierce Law Center in October of 1994. For other publications by Mr. Balmer, see Balmer, *supra* note 28; and Norman L. Balmer, *Corporate*

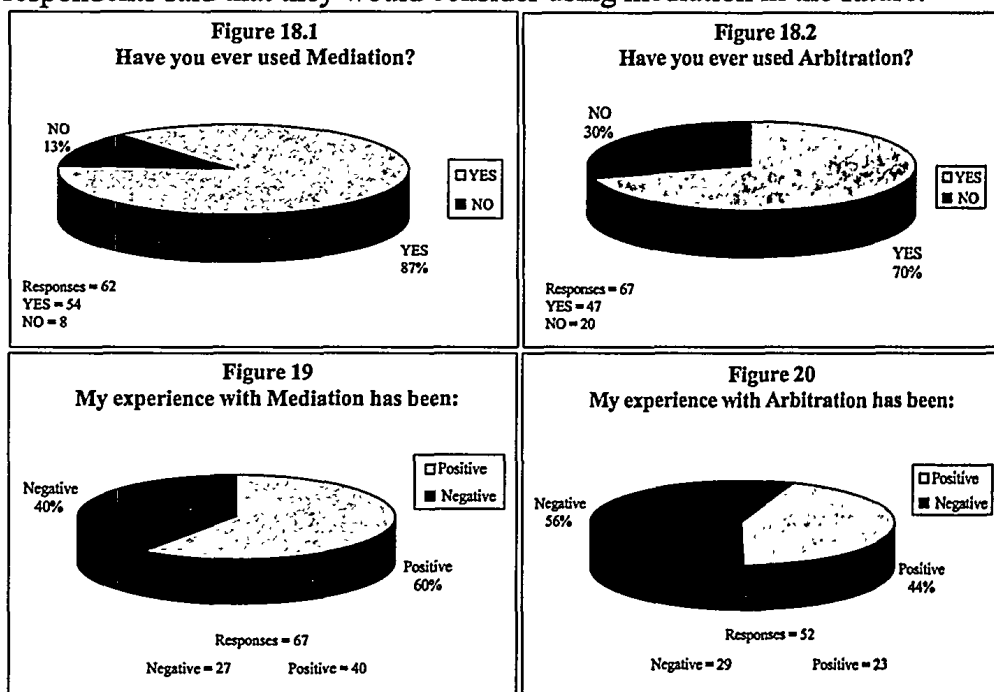
years in trumpeting the desirability of ADR, and given the fact that many courts are now requiring parties to employ some form of ADR, it can be expected that the number of practitioners who use ADR will only grow.



The next question, Question 11, asked whether the respondents have ever used ADR when validity, infringement, and damages were disputed. As can be seen from Table 1, the respondents who have used ADR in the past have done so most often in the context of infringement disputes.

Table 1 Have you ever used ADR when _____ was at issue?			
	Validity	Infringement	Damages
YES	69%	93%	70%
NO	31%	7%	30%

After asking generally whether formalized ADR has been used, the survey went on to ask whether the respondents had experience with mediation or arbitration. Of those respondents having some experience with formalized ADR, fifty-four (or 87.1%) stated they had experience with mediation.⁴⁷ Slightly fewer respondents, forty-seven (or 70.1%), said they had experience with arbitration.⁴⁸ More interesting, perhaps, is the fact that 60% of those having mediation experience characterized their experience as positive,⁴⁹ while only 44% of those having arbitration experience characterized their experience as positive.⁵⁰ Based on these survey results, it seems clear that mediation provides greater satisfaction, which explains why 83% of respondents said that they would consider using mediation in the future.⁵¹



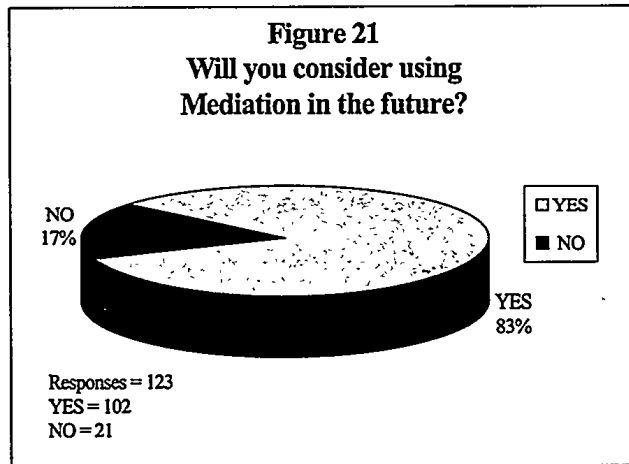
47. See Figure 18.1.

48. See Figure 18.2.

49. See Figure 19.

50. See Figure 20.

51. See Figure 21.



In attempting to decipher why mediation produces more “positive” experiences we must look to the underlying process. Mediation offers the participants more flexibility. There is no need to arrive at a resolution. If the deal presented is not agreeable, then it need not be accepted. The parties have full control, and for that reason mediation offers an opportunity to find a mutually beneficial resolution to litigation.⁵² Taking a win-win approach to mediation and expanding the number of options placed on the negotiating table can frequently lead to a mutually satisfying resolution to what appeared to be an otherwise intractable problem. As dialogue continues, solutions that were not previously contemplated surface, these negotiations can lead, and often do lead to surprising results.

Compared to mediation, arbitration is much more formal and more closely resembles a judicial proceeding. Furthermore, while arbitration can offer significant cost savings, some estimates indicate that arbitration can also cost nearly as much as litigation. As one commentator has discussed:

The cost of arbitrating a patent dispute usually is less than eighty-five percent of the cost of litigating the same dispute. With good case management and an experienced arbitrator, the costs should fall to less than half of those incurred in litigation.

These savings can be attributed to several factors. One factor is that transcripts of the proceedings usually are not required and the possibility of appeal is severely curtailed. The largest savings, though, come from the ability to eliminate “blunderbuss discovery requests and to avoid discovery disputes.” For example, a clause in the arbitration agreement can regulate discovery. Moreover, many states restrict or prohibit discovery in arbitrations, and the discovery provisions of the Federal Rules of Civil Procedure are not available in

52. See generally *Why ADR*, *supra* note 45.

arbitrations governed by Title IX. In either case, the arbitrator must control the discovery process for these cost savings to be realized.⁵³

Clearly, arbitration offers cost savings at a significant price. As discussed above, discovery is severely limited if not completely curtailed, and decisions are, for the most part, not appealable.⁵⁴ Moreover, although proponents of arbitration trumpet its confidential nature,⁵⁵ the truth of the matter is that in order for arbitration awards in patent cases to be enforceable, the award must be placed in the file wrapper.⁵⁶ Under these circumstances it is not difficult to see why practitioners favored mediation over arbitration.

Dovetailing from Question 15, Question 16 was answered only by those who stated that they would consider using mediation in the future. Specifically, Question 16 was broken down into three distinct parts, asking whether mediation would be used to attempt to resolve validity, infringement, and damages. The respondents clearly felt more comfortable mediating damages. Only 2% of respondents stated that they would not mediate damages in the future. On the other hand, 23% said that they would not mediate validity, and 8% said they would not mediate infringement.⁵⁷

53. Gregg A. Paradise, *Arbitration of Patent Infringement Disputes: Encouraging the Use of Arbitration Through Evidence Rules Reform*, 64 *FORDHAM L. REV.* 247, 261-62 (1995) (citations omitted) (quoting Kenneth B. Clark and William A. Fenwick, *Structuring an Arbitration Agreement for High Technology Disputes*, 9 *COMPUTER L.* 22, 25 (1992)).

54. For a good discussion of the unappealable nature of arbitration awards, see Paradise, *supra* note 53, at 258-59. See also Karl P. Kilb, *Arbitration of Patent Disputes: An Important Option in the Age of Information Technology*, 4 *FORDHAM INTELL. PROP. MEDIA & ENT. L. J.* 599, 619-23 (1993).

55. Paradise, *supra* note 53, at 263-64.

56. Section 294(d) of the Patent Act provides:

When an award is made by an arbitrator, the patentee, his assignee or licensee shall give notice thereof in writing to the Commissioner. There shall be a separate notice prepared for each patent involved in such proceeding. Such notice shall set forth the names and addresses of the parties, the name of the inventor, and the name of the patent owner, shall designate the number of the patent, and shall contain a copy of the award. If an award is modified by a court, the party requesting such modification shall give notice of such modification to the Commissioner. The Commissioner shall, upon receipt of either notice, enter the same in the record of the prosecution of such patent. If the required notice is not filed with the Commissioner, any party to the proceeding may provide such notice to the Commissioner.

35 U.S.C. § 294(d) (1994). Section 294(e) further provides that "[t]he award shall be unenforceable until the notice required by subsection (d) is received by the Commissioner." *Id.* § 294(e).

57. See Table 2.

Table 2			
Will you mediate when _____ is at issue?			
	Validity	Infringement	Damages
YES	77%	92%	98%
NO	23%	8%	2%

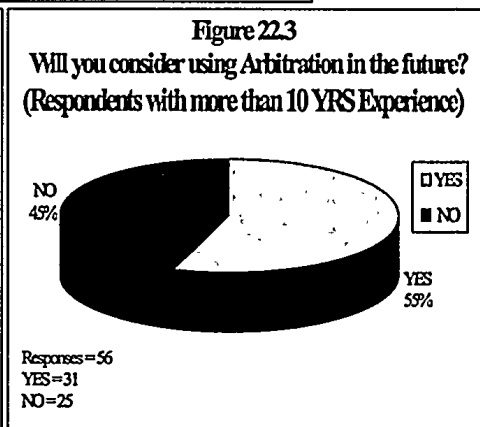
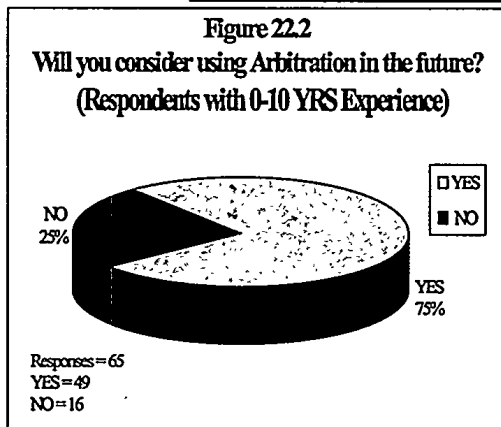
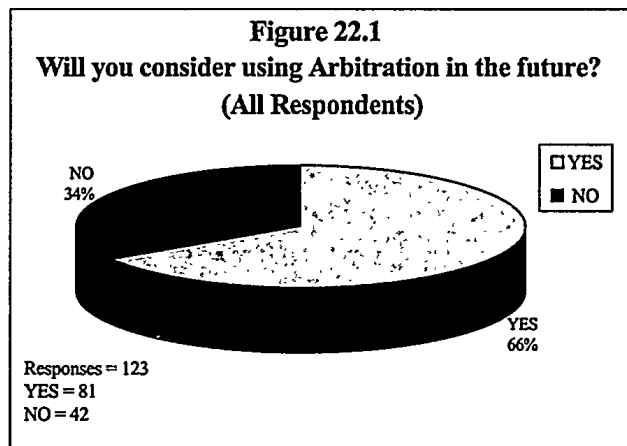
The attorneys surveyed likely feel more comfortable mediating damages because this amounts to little more than adjusting a claim. When validity is at issue, however, the survey suggests that more caution should be exercised before deciding to use mediation. The number of attorneys who would use mediation to attempt to resolve validity disputes is still quite large. Nevertheless, almost one-quarter of respondents would not mediate validity disputes. Those who would not mediate validity disputes represent a significant minority, particularly when those same individuals later responded that they would use mediation to resolve damages. This reluctance to use mediation with respect to validity, therefore, represents a bias not towards the mediation process itself, but rather seems to question the wisdom of using mediation to resolve validity issues.

As with mediation, the survey also asked whether arbitration would be used in the future. Only two-thirds of the respondents said they would use arbitration in the future.⁵⁸ Once again, we see that respondents do not have as much confidence in arbitration as they do in mediation.⁵⁹ Nevertheless, two-thirds does represent a significant number of respondents willing to use arbitration in the future, at least on the surface. If the respondents are broken down based upon their experience, however, we see that those with ten or fewer years of experience are more likely to use arbitration in the future than are those with more than ten years of experience.⁶⁰ One can only hypothesize why such a disparity is true, but one possible explanation is that those with more experience have learned over time that arbitration is a less desirable way to resolve patent disputes.

58. See Figure 22.1.

59. See *id.* Compare this with Question 15, which is represented in Figure 21. Figure 23 shows that 83% of those responding stated they would use mediation in the future, while only 66% said they would use arbitration in the future.

60. See Figures 22.2 & 22.3.



The next question, Question 18, asked whether arbitration would be used to attempt to resolve validity, infringement, and damages. When asked this question in terms of arbitration, we see results similar to the corresponding mediation question. Those surveyed were more comfortable with using arbitration to resolve disputes involving infringement and damages than disputes involving damages.⁶¹

Notwithstanding, 84% of respondents stated that they would use arbitration when validity is at issue.⁶² This percentage is surprisingly high given the fact that 35 U.S.C. § 294 requires arbitration awards to be placed in the file wrapper.⁶³ To be sure, the arbitration award will not have any res judicata or collateral estoppel effect on future litigation between the patentee and third parties not involved in the arbitration.⁶⁴ If the defendant raises a meritorious⁶⁵ validity defense, however, arbitration is probably not the best

61. See Table 3.

62. See Table 3.

63. See 35 U.S.C. §§ 294(d), (e) (reproduced *supra* note 56).

64. See 35 U.S.C. § 294(c) (1994).

65. The word "meritorious" is used here to differentiate a strong validity defense from those

choice of ADR for the patentee. Where a meritorious invalidity defense is raised, mediation is preferred to arbitration because mediation can remain completely confidential. When a patent case is mediated there is no disclosure requirement akin to 35 U.S.C. § 294(d). The real danger posed by arbitration, insofar as the patentee is concerned, is that potential infringers will become emboldened by the existence of an arbitrator's determination of invalidity. Furthermore, if an alleged infringer relies upon the arbitrator's determination of invalidity, the prospect for obtaining willful damages in subsequent litigation seems all but lost.⁶⁶

Table 3			
Will you Arbitrate when _____ is at issue?			
	Validity	Infringement	Damages
YES	84%	95%	96%
NO	16%	5%	4%

Finally, the last series of ADR questions asked how often both large and small corporations use mediation and arbitration. The term "large corporation" was defined as a corporation with more than 500 employees. The term "small corporation" was defined as a corporation with 500 or fewer employees. These questions, Questions 19 through 22, attempted to identify whether any noticeable differences exist between the frequency of using mediation and arbitration based on the size of the corporation. Surprisingly, the survey results demonstrate that there is very little difference in the frequency with which large and small corporations use ADR.

Questions 19 through 22 were all prefaced with the phrase "[b]ased on your experience . . ." As can be seen from Figures 23, 24, 25, and 26, it appears as if corporations, regardless of size, do not generally embrace either mediation or arbitration as a means for resolving patent disputes. This is not

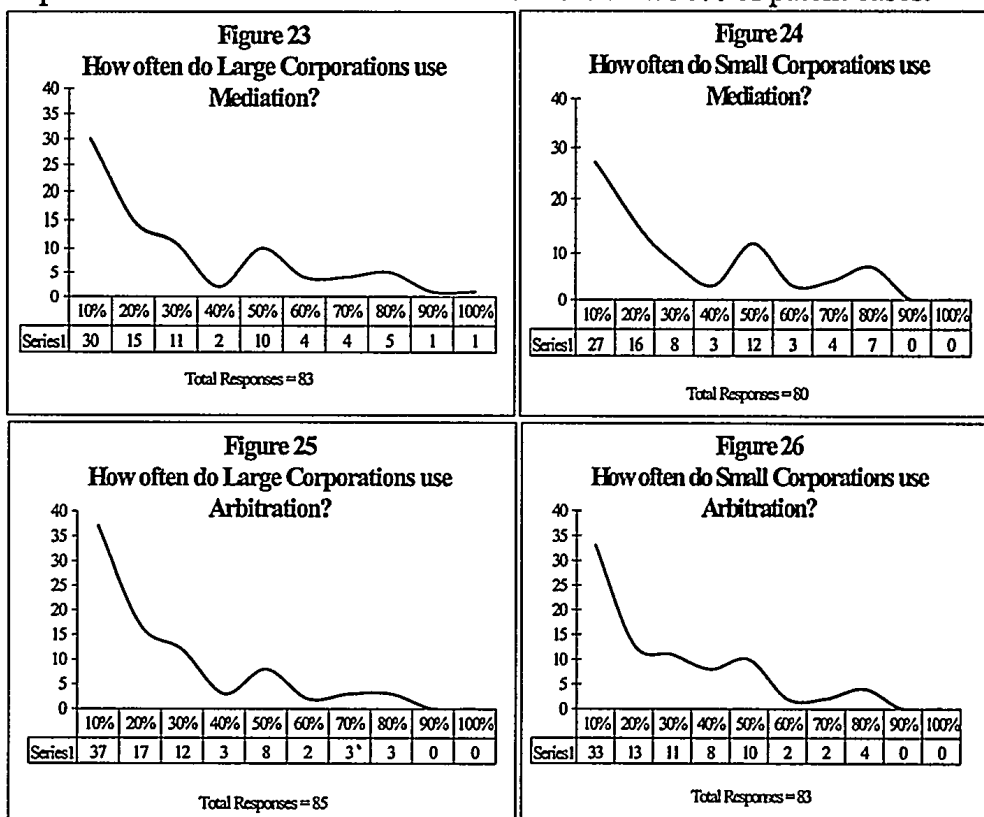
garden variety validity defenses that are pled as a matter of course in every patent litigation, regardless of the likelihood of success.

66. While § 294(c) provides that an arbitration award shall have no effect on third parties not participating in the arbitration, *see* 35 U.S.C. § 294(c), the Federal Circuit has stated:

The law of willful infringement does not search for minimally tolerable behavior, but requires prudent, and ethical, legal and commercial actions. Thus precedent displays the consistent theme of whether a prudent person would have had sound reason to believe that the patent was not infringed or was invalid or unenforceable, and would be so held if litigated.

SRI Int'l, Inc. v. Advanced Tech. Lab., Inc., 127 F.3d 1462, 1465, 44 U.S.P.Q.2d (BNA) 1422, 1424 (Fed. Cir. 1997) (citations omitted). Therefore, it would appear as if an alleged infringer could rely upon an arbitrator's determination of invalidity and thereby defeat a claim of willful infringement.

to say that corporations are not using mediation and arbitration to resolve their patent disputes. Rather, Figures 23 through 26 demonstrate that corporations are highly selective when it comes to using ADR to resolve patent disputes. This conclusion is supported by the fact that only one respondent stated that mediation is used 100% of the time.⁶⁷ Further support is also found in that: (1) 67% of respondents stated that large corporations use mediation to resolve no more than 30% of patent cases; (2) 77% of respondents stated that large corporations use arbitration to resolve no more than 30% of patent cases; (3) 64% of respondents stated that small corporations use mediation to resolve no more than 30% of patent cases; and (4) 69% of respondents stated that small corporations use arbitration to resolve no more than 30% of patent cases.

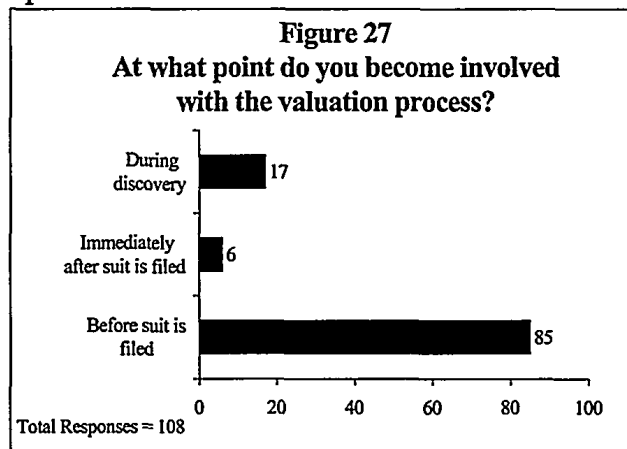


B. Valuation Questions

The second part of this patent litigation survey involved questions regarding the evaluation of damages. The first of these questions asked: "At what point do you become involved in the valuation process?" Respondents had nine responses to choose from: (1) before suit is filed; (2) immediately after suit is filed; (3) during discovery; (4) prior to mediation; (5) immediately

67. See Figure 23.

after mediation; (6) during final trial preparations; (7) during trial; (8) after the liability phase; and (9) never. As can be seen from Figure 27, all of those answering this question selected one of the first three choices, with "before suit is filed" being selected by 78.7% of respondents. It should, however, be noted that some respondents pointed out that timing differs with respect to whether they represent the plaintiff or the defendant. In many cases, when representing the defendant it is impossible to start the valuation process until suit is filed. This criticism of Question 23 is well taken. Nevertheless, an overwhelming number of litigators recognize that the valuation process must start as early as possible.

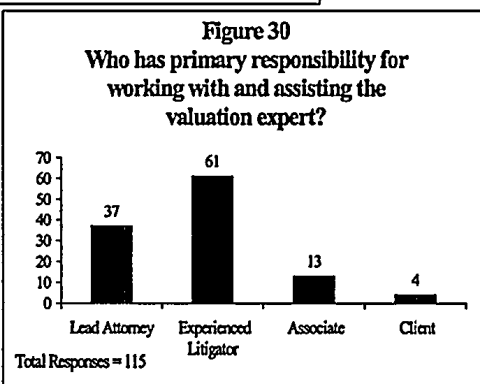
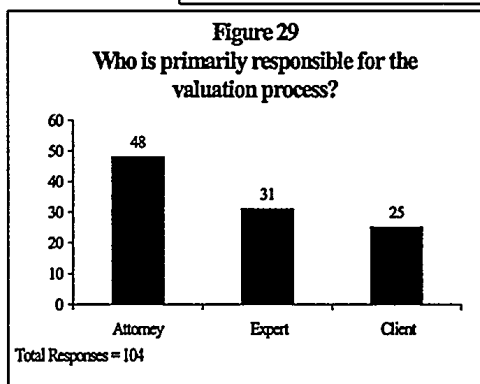
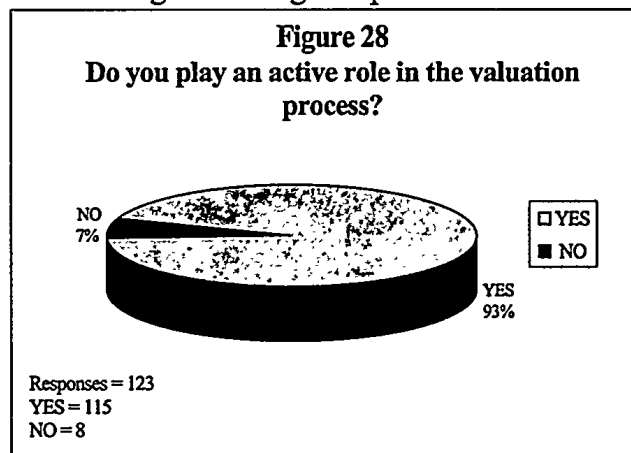


While Question 23 demonstrates the prevailing view towards when the valuation process must begin, Question 24 goes one step further and clearly shows that litigators play an active role in the process. Out of the 123 responses to Question 24, 115 respondents (or 93%) stated that they do indeed play an active role in the valuation process.⁶⁸ Taking yet another step further, question 25 asked who is primarily responsible for the valuation process. Of the 104 responses, 48 (or 46%) stated that the primary responsibility for damages rests with an attorney.⁶⁹ Clearly, the damages component of patent litigation is of such overriding importance that not only do litigators play an active role in preparing the damages case, but a substantial number of litigators will simply not relinquish control of the damages portion of the case. Moreover, as additional support demonstrating the importance of the damages component of the case, 85% of the litigators surveyed stated that either the

68. See Figure 28.

69. See Figure 29.

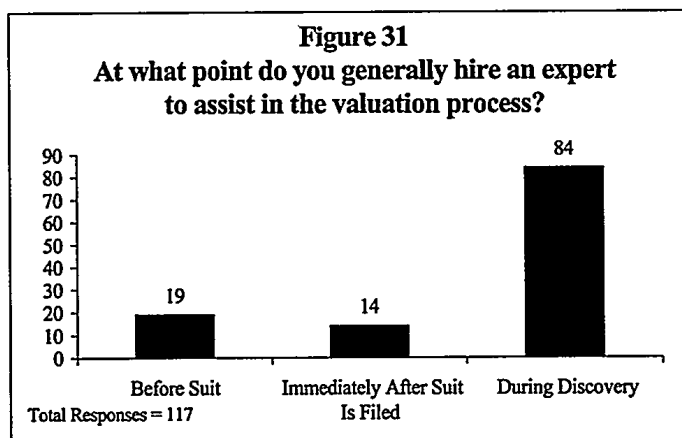
lead attorney or another experienced litigator has primary responsibility for working with and assisting the damages expert.⁷⁰



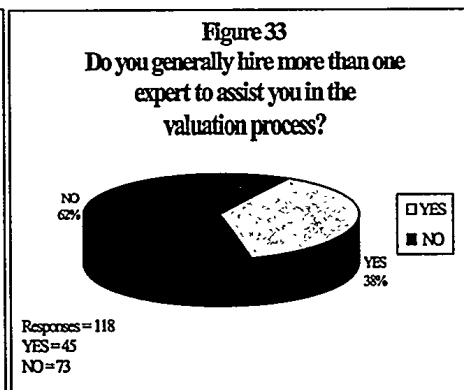
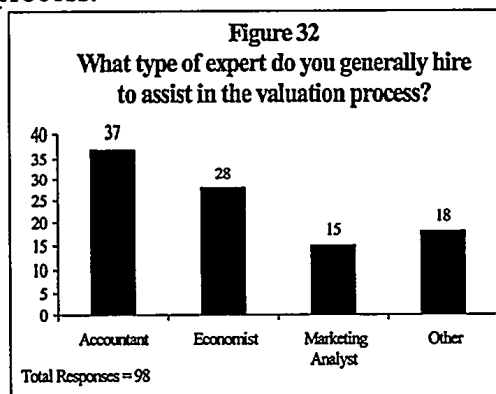
Generally, the damages expert is not retained until discovery.⁷¹ A significant minority of those surveyed, however, stated that they hire a damages expert either before suit is filed or immediately after suit is filed. Given that almost 30% of those surveyed hire an expert prior to the start of discovery, litigators may want to reconsider the value associated with having an expert on board early and beginning the preparation of the damages case at the earliest possible point. Nevertheless, all of those surveyed agree that a damages expert must be hired prior to the close of discovery.

70. See Figure 30.

71. See Figure 31.



Finally, with respect to damages, the most popular type of expert in patent cases is an accountant, followed closely by an economist.⁷² While the type of expertise required may vary depending upon the facts of a particular case, it is noteworthy that just over one-third of those surveyed stated that they generally hire more than one damages expert to assist with the valuation process.⁷³



C. The United States District Court for the District of Delaware

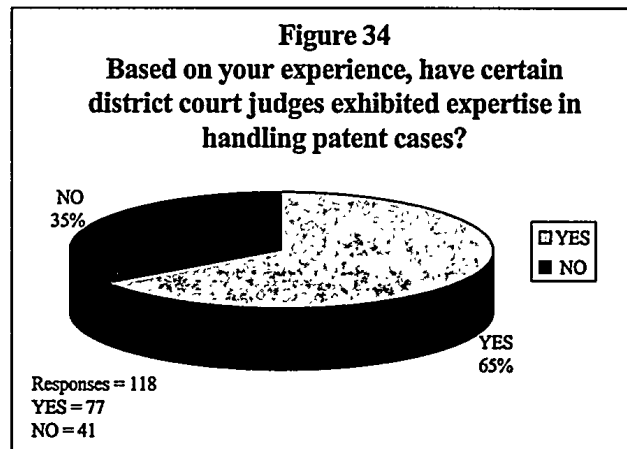
The survey asked if certain district court judges have developed a particular expertise in handling patent cases. Almost two-thirds of the respondents stated that they have appeared in front of district courts that have a particular expertise in the area of patent litigation.⁷⁴ Given the relatively small number of patent cases that district court judges see in any given year, developing an expertise in handling patent litigation is no small

72. See Figure 32.

73. See Figure 33.

74. See Figure 34.

accomplishment. Of all the judges mentioned as having expertise in patent litigation, the judges of the United States District Court for the District of Delaware were collectively mentioned by 30% of the respondents, being far and away the most mentioned judges in this survey. The fact that the District of Delaware has obtained such an expertise in patent litigation should come as no great surprise given that 35% of the cases on the district's docket are patent cases.⁷⁵



As these surveys continued coming in and more and more respondents identified the District of Delaware as having particular expertise, I contacted the judges in the District of Delaware. Both Magistrate Trostle and Judge Schwartz agreed to meet with me and discuss how patent litigation is handled in the District of Delaware. While the District of Delaware does not have a standing mediation order in patent cases, both Judge Robinson and Judge McKelvie order the parties to mediate with Magistrate Trostle as a part of their structuring conference order. Judge Schwartz does not order mediation, but does inform the parties that Magistrate Trostle is available should they wish to mediate their dispute.

As a result of the manner in which the judges in the District of Delaware encourage mediation, Magistrate Trostle mediated approximately 250 patent cases since between 1993 and 1998. As a direct result of mediation, Magistrate Trostle estimates that 65-70% have settled,⁷⁶ and approximately 90% of patent disputes will settle prior to trial. While mediation will not resolve all cases, the success ratio enjoyed in Delaware clearly demonstrates that mediation can and does resolve a significant number of cases.

A routine mediation performed by Magistrate Trostle will begin at approximately 9 a.m. and run straight through until 6 or 7 p.m. In most cases

75. See Trostle Interview, *supra* note 35.

76. "As a direct result of mediation" means within forty-five days of mediation.

this will be only the first day of mediation, with subsequent discussions either taking place between the parties and Magistrate Trostle via teleconference or, if schedules permit, a second full day of mediation. In some instances the parties will continue negotiating for weeks or months after the mediation and contact Magistrate Trostle for follow-up mediation at the appropriate juncture.

As Magistrate Trostle candidly acknowledges, mediation is not based on a legal framework, and it is certainly not meant to encourage zero-sum compromise whereby both parties merely agree to swallow an unpalatable resolution. Mediation is simply another form of business negotiation that attempts to encourage the parties to seek out "win-win" solutions. Using a problem solving approach, Magistrate Trostle encourages the parties to explore creative solutions in a non-adversarial atmosphere.⁷⁷ As a result, the parties can generally find an economical business solution to the dispute.

The District of Delaware has clearly committed itself to the concept of mediation, and the results seem to be well received by litigators practicing there. This approach to patent litigation and this commitment to ADR is undoubtedly at least partially responsible for the survey respondents' high regard for the District of Delaware.

IV. CONCLUSION

How much of a role ADR must play in the future of patent litigation is not an easy question to answer. In order to answer this question it is first necessary to determine why the 1990s have seen such a rapid growth in patent case filings. A 1994 article by Jon F. Merz and Nicholas M. Pace, which reported the findings of a study of patent litigation for the period of 1971 to 1991, concludes that "the doctrinal stability and reduction of uncertainty from multi-Circuit variability injected into the patent law by the CAFC may have spawned the observed increase in patent litigation [during the 1980s]."⁷⁸

Merz and Pace also suggest that "[t]o the extent the market for intellectual property protection perceives an increase in the enforceability and thus value of patents, there may well be greater motivation to seek patent protection itself, and this might help explain the explosion in patent application filings"⁷⁹ This type of snowball effect may well explain the explosion of litigation being witnessed in the 1990s. The scenario plays out like this:

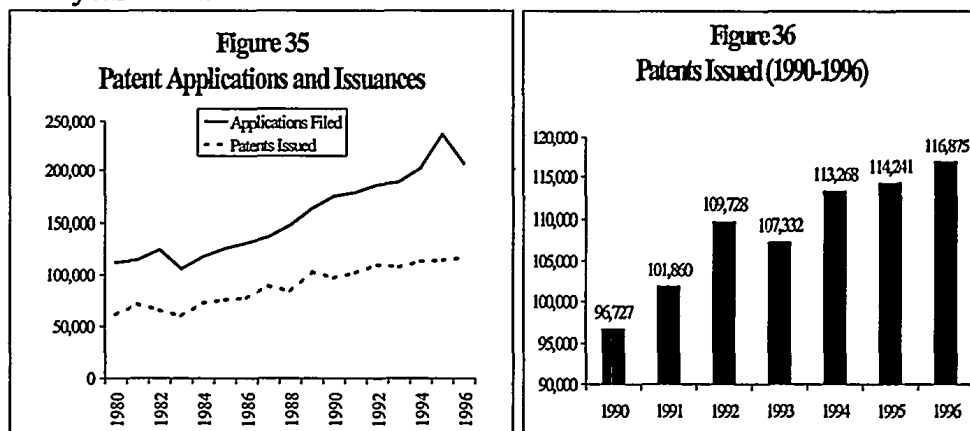
77. While litigation is by nature adversarial, the mediator must keep the parties focused on achieving a mutually beneficial solution.

78. Jon F. Merz & Nicholas M. Pace, *Trends in Patent Litigation: The Apparent Influence of Strengthened Patents Attributable to the Court of Appeals for the Federal Circuit*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 579, 587 (1994).

79. *Id.* at 581.

increased doctrinal stability leads to increased value of patents, which leads to greater numbers of patent applications, which leads to increased litigation, which leads to more appeals, which ultimately leads to greater doctrinal stability. If this is true, then looking at the number of patent applications and the number of patents being issued should give some idea as to the likely number of patent case filings we can expect in the future.

Figure 35 demonstrates that both the number of patent applications and the number of patents that have issued have steadily increased since 1980.⁸⁰ Focusing on the number of patents issued in the 1990s, one can see that the number of patents issued in 1996 increased 17.2% from the number of patents issued in 1990.⁸¹ This dramatic rise in the number of patents issued in the 1990s is almost certainly not the reason for the increased patent case filings experienced in the 1990s. In all likelihood, the increase in the patent case filings, if it can at all be correlated to the number of patents issued, corresponds to the increase in the number of patents issued in the mid to late 1980s.⁸² This is true because the average age of a patent in litigation is approximately 8.6 years.⁸³ Therefore, the impact an increased number of issued patents will have on the court system will not be felt until some five to seven years later.

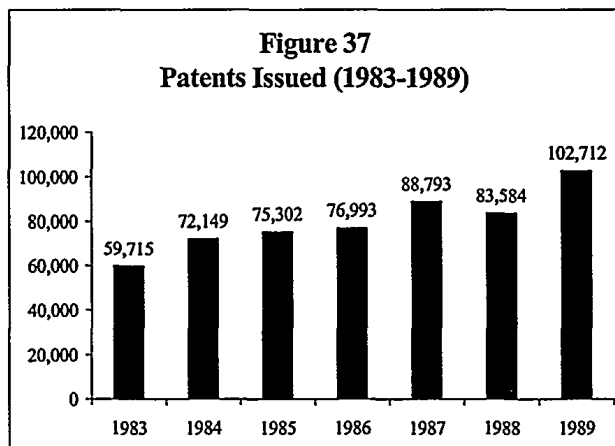


80. The spike in patent applications in 1995 is most certainly due to the change in the life of a patent from seventeen years from issue to twenty years from application filing.

81. See Figure 36. The information for Figures 36 and 37 was taken from the Commissioner of Patents and Trademarks Annual Report 1996.

82. See Figure 37.

83. See John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 36 AIPLA Q.J. 185, 237 (1998).



If the increase in the number of patents issued in 1987 through 1989 is, in fact, the reason for the increased number of patent case filings in 1992 through 1997, then what numbers of patent case filings can we expect to see in 1999 and beyond? While an exact answer to that question is beyond the scope of this article, it seems virtually certain that the number of patent case filings will only increase.

Currently, the number of patent trials and the number of patent cases pending for three years or more is remaining constant. If the number of patent trials and the number of cases pending for three years or more is to remain constant in the future, ADR must continue to grow in both use and acceptance. Surveys show that patent attorneys are increasingly accepting ADR, particularly mediation, as a useful and successful means for resolving patent disputes. If this trend continues, the dramatic increase in patent case filings can be managed.

APPENDIX A

MECHANICS OF THE SURVEY

This article reports the results of a survey of patent litigators conducted from November of 1997 until March of 1998. The primary focus of this survey was to determine the general attitude of patent litigators regarding both mediation and arbitration.⁸⁴ This survey also attempted to determine, albeit in a very general way, how patent litigators approach the preparation of the damages component of a case.

A. Who Received the Survey?

During the Fall of 1997, I developed a patent litigation survey⁸⁵ that was sent via first class mail, postage prepaid return envelope included, to 225 attorneys. The survey was designed to take no longer than ten minutes to complete.⁸⁶ None of the respondents criticized the length of the survey, which leads me to conclude that it did indeed take only ten minutes to complete.

The survey was initially sent to thirty-six Franklin Pierce graduates whom I personally knew. I requested that my fellow Franklin Pierce graduates fill out one survey and pass the other along to a senior litigator at their firm. The second mailing consisted of surveys being sent to specific litigators whom I have either met or corresponded with regarding my thesis research. The third mailing consisted of surveys being sent to twenty-three litigators who are former colleagues of Professor Susan Richey.⁸⁷ Finally, I mailed 151 surveys to litigators who, based on their Westlaw⁸⁸ profile, identify themselves as patent litigators.⁸⁹ Therefore, the grand total of hard copy surveys in circulation was 261.

84. While there are a number of different types of ADR, this article and the 1998 survey focus solely on mediation and arbitration. For a good discussion of other forms of ADR, see Arfin, *supra* note 3.

85. I would like to thank Professor Field and my fellow LL.M. candidates for reviewing countless drafts of my survey.

86. A conscious decision was made to keep this survey short. It was believed that a short survey would lead to a higher response rate.

87. Prior to joining the Franklin Pierce Law Center community, Professor Richey was a principal in Diordan & McKinzie in California.

88. Westlaw is a registered trademark of West Publishing Company.

89. In creating this mailing list, I searched the Westlaw lawyers database ("West Legal Directory," database identifier WLD) for attorneys who listed their areas of practice as consisting of at least 75% patents and 75% litigation.

In addition to mailing hard copies of my survey, I also placed my survey online.⁹⁰ I directly emailed 400 patent attorneys and requested that they fill out my survey online.

B. Responses to the Survey

The response rate was pleasantly surprising, at least insofar as the direct mail surveys were concerned. Out of the 261 hard copies in circulation, 122 were returned, which corresponds to a response rate of 46.7%.⁹¹ Less encouraging, however, was the fact that only ten internet responses were received, which corresponds to a response rate of only 2.5%.⁹²

C. Who Answered the Survey?

All respondents were ensured that their identities would remain confidential. Nevertheless, four general background questions were asked in order to gain some insight into possible biases the respondents may have. The background questions were:

1. How many attorneys are in your firm?
2. How many years have you been involved in patent litigation?
3. How many patent infringement cases have you been involved with?
4. Your pre-law education was _____?

The answers to these four background questions demonstrate that no one particular group dominated the survey results. Additionally, the geographical location of the respondents was also quite varied, which should eliminate any possibility of bias due to lack of geographical diversity. Figure 38 depicts from where the surveys were mailed.⁹³

90. Special thanks to Bill Shaw, Franklin Pierce Law Center Class of 1998, who designed and maintained the website at <<http://www.sitesurfer.com>>.

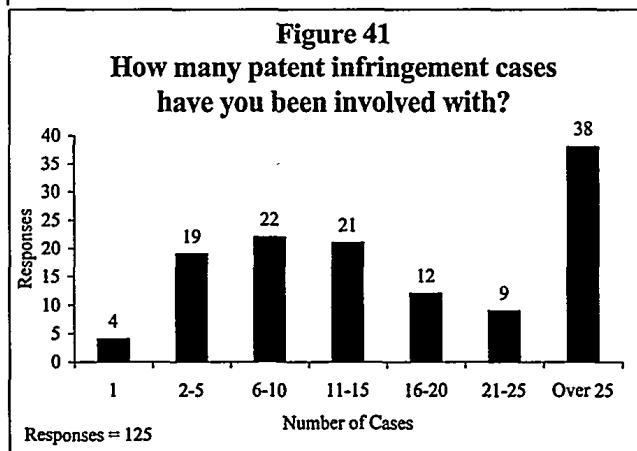
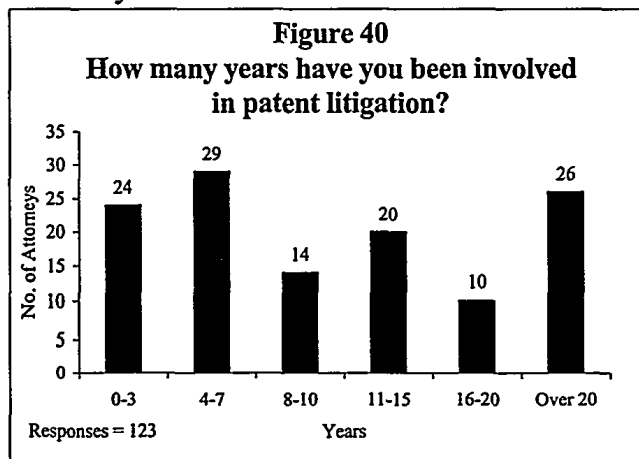
91. While 122 surveys were returned, only 115 were counted. Five surveys were disregarded because the respondents did not have any personal experience with patent litigation. Two surveys were received after a substantial portion of this article was written and were, therefore, not considered.

92. A 2.5% response rate, which is discouragingly low, does provide useful information in and of itself. While most firms seem to have e-mail access from their desk, many firms have only one or two terminals that will allow access to the Internet. Until attorneys have access to the Internet from their individual offices, surveys such as this should continue to rely upon hard copies rather than on-line submissions. Once the Internet becomes more readily available, however, the Internet promises to change the way empirical research will be conducted in the future.

93. I was unable to tell exactly which state every survey came from. Because I guaranteed anonymity, no attempt was made to personally identify those wishing to remain anonymous. In some cases, when a respondent did remain anonymous, I was able to use the postmark on the outside of the envelope to determine from which state it was mailed. To my surprise, however, many of the returned surveys, although received via first class mail, contained no postmark.

2. Experience

Of those answering Question 2, fifty-three respondents (or 43.1%) have fewer than eight years of experience, thirty-four respondents (or 27.6%) have eight to fifteen years of experience, and thirty-six respondents (or 29.3%) have more than fifteen years of experience.⁹⁵ With respect to Question 3, twenty-three respondents (or 18.4%) have been involved with five or fewer patent infringement cases, sixty-four respondents (or 51.2%) have worked on six to twenty-five cases, and thirty-eight respondents (or 30.4%) have been involved in over twenty-five cases.⁹⁶



While perhaps not terribly probative, Question 4 inquired as to the pre-law education of the respondents.⁹⁷

95. See Figure 40.

96. See Figure 41.

97. See Table 4. Because more than one response was allowed, the total number of respondents, if added, would be larger than the number of surveys received.

Table 4	
Pre Law Education	Number of Respondents
Electrical Engineering	27
Chemical Engineering	21
Mechanical Engineering	19
Other Non-Science	17
Chemistry	15
Biology	12
Other-Science ⁹⁸	10
Physics	6
Industrial Engineering	5
Applied Science	2
Computer Engineering	1

98. "Other-Science" was listed as a category on the survey due to space considerations. It was intended to cover those disciplines not listed, such as Civil Engineering, Ceramic Engineering, Biomedical Engineering, Genetic Engineering, and all Math majors.

APPENDIX B

Patent Litigation Survey

1. How many attorneys are in your firm?
 - 1-10
 - 11-25
 - 26-50
 - 51-100
 - 101-150
 - Over 150
2. How many years have you been involved in patent litigation?
 - 0-3
 - 4-7
 - 8-10
 - 11-15
 - 16-20
 - Over 20
3. How many patent infringement cases have you been involved with?
 - 1
 - 2-5
 - 6-10
 - 11-15
 - 16-20
 - 21-25
 - Over 25
4. Your pre-law education was:
 - Applied Science
 - Biology
 - Chemical Engineering
 - Chemistry
 - Computer Engineering
 - Electrical Engineering
 - Industrial Engineering
 - Mechanical Engineering
 - Physics
 - Other Science Degree
 - Other Non-Science Degree

ADR QUESTIONS

5. Based on your experience, what percentage of patent infringement disputes settle?
• 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
6. Based on your experience, what percentage of patent infringement disputes settle prior to any court action?
• 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
7. Based on your experience, what percentage of patent infringement disputes settle during discovery?
• 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
8. Based on your experience, what percentage of patent disputes settle after the claims have been construed?
• 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
9. Based on your experience, what percentage of patent infringement disputes settle during or immediately after final pretrial? (Note: immediately after pretrial means before trial begins.)
• 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
10. Have you ever used formalized ADR?
 - YES
 - NO
11. If yes to Question 10, what issues have you used formalized ADR for?
 - Validity? YES NO
 - Infringement? YES NO
 - Damages? YES NO
12. If yes to Question 10, which forms of ADR have you used?
 - Mediation? YES NO
 - Arbitration? YES NO
13. My experience with Mediation has been:
 - Positive
 - Negative
 - Never used Mediation
14. My experience with Arbitration has been:
 - Positive
 - Negative
 - Never used Arbitration
15. Will you consider using Mediation in the future?
 - YES
 - NO
16. If yes to Question 15, what issues will you mediate?
 - Validity? YES NO
 - Infringement? YES NO
 - Damages? YES NO

17. Will you consider using Arbitration in the future?
- YES
 - NO
18. If yes to Question 17, what issues will you Arbitrate?
- Validity? YES NO
 - Infringement? YES' NO
 - Damages? YES NO

In the following 2 questions "Large Corporations" refer to corporations with more than 500 employees..

19. Based on your experience, how often do Large Corporations use Mediation?
- 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
20. Based on your experience, how often do Large Corporation use Arbitration?
- 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%

In the following 2 questions "Small Corporations" refer to corporations with fewer than 500 employees.

21. Based on your experience, how often do Small Corporations use Mediation?
- 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%
22. Based on your experience, how often do Small Corporations use Arbitration?
- 10% • 20% • 30% • 40% • 50% • 60% • 70% • 80% • 90% • 100%

VALUATION QUESTIONS (I.E., DAMAGES EVALUATION)

23. At what point do you become involved with the valuation process?
- Before Suit is Filed
 - Immediately after Suit is Filed
 - During Discovery
 - Prior to Mediation
 - Immediately after Mediation
 - During Final Trial Preparations
 - During Trial
 - After Liability Phase
 - Never
24. Do you play an active role in the valuation process?
- YES
 - NO
25. Who is primarily responsible for the valuation process?
- An Attorney
 - An Expert
 - The Client

26. At what point do you generally hire an expert to assist in the valuation process?
- Before Suit
 - Immediately After Suit is Filed
 - During Discovery
 - After Discovery is Complete
27. What type of expert (i.e. your primary expert) do you generally hire to assist in the valuation process?
- Accountant
 - Economist
 - Marketing Analyst
 - Other
28. Do you generally hire more than one expert to assist you i the valuation process?
- Yes
 - NO
29. Who has primary responsibility for working and assisting the valuation expert?
- Lead Attorney
 - Experienced Litigator
 - An Associate
 - The Client

MISCELLANEOUS QUESTIONS

30. Based on your experience, have certain district court judges exhibited an expertise in handling patent cases?
- YES
 - NO
31. If yes to Question 30, please state which Judges have exhibited such expertise?
- _____
32. Would you like to receive the results of this survey?
- YES
 - NO